

winter 2013 local insights

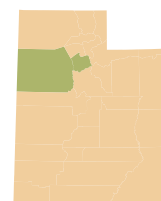
wasatchfrontsouth

An economic and labor market analysis of the Wasatch Front South Area

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Salt Lake Metropolitan Occupational Projections 2010 to 2020



BY JIM ROBSON, ECONOMIST

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Occupational projections provide insights into the distribution of occupational employment in 2020. Which jobs are predicted to be promising in the Wasatch Front South?

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Occupational projections provide users with guidance to make more informed decisions about long-term goals.

The Department of Workforce Services (DWS) has published the ten-year occupational projections online (<https://jobs.utah.gov/wi/pubs/outlooks/index.html>). The current long-term projections cover the period from 2010 to 2020 and this glimpse into the future is refreshed every two years. Job seekers, students, career counselors, parents, educators, and trainers use the projections to gauge future demand for various occupations and industry trends, allowing them to make informed decisions.

The focus of the ten-year occupational projections is not to try to anticipate year-to-year fluctuations in economic activity and occupational growth. Instead, expected structural changes and trends in the economy are used to determine the relative growth and demand among occupations over the coming decade. One major DWS assumption in the 2010-2020 projections is that the Utah economy will be at or near “full employment” by 2020, which is to say, that economic production—Gross State Product (GSP)—is expected to be near

the level of its potential by the end of the projection period. This will require the economy to play catch-up, but is within Utah’s reach.

Here we explore the outlook for the Salt Lake City Metropolitan Statistical Area (MSA), comprised of Salt Lake, Summit and Tooele counties, for 2010 to 2020.

Economic Recovery

Just like the rest of the country and state, the Salt Lake City MSA has passed through the longest and deepest recessionary period since the 1930s. The slower-than-average recovery since 2010 is building as growth in output, jobs, and incomes have gradually improved. During 2013, new jobs in this area have increased between 3.0 and 4.0 percent on a year-over basis.

Labor Force

In recent decades, the Salt Lake City labor force has become older, more racially and ethnically diverse, and comprised of more women. Not surprisingly, these trends are expected to continue across





Salt Lake Metropolitan Occupational... Continued

the current projection period. One major demographic trend that cannot be ignored is the aging of the baby-boom generation that will be between the ages of 56 and 74 in 2020. Persons above the age of 55 have distinctively lower labor force participation rates than those in their prime working years of ages 25-to-54. As will be noted later in this article, replacement employment opportunities for most occupations provide a significant portion of demand. Much of the replacement demand is due to retirements of older workers.

Industry Employment Growth

Jobs are grouped by industry according to the types of goods or services provided by a firm. Everyone who works in a hospital, for example, is part of the healthcare industry. Yet this includes not only healthcare-specific workers, such as doctors and nurses, but also occupations found across other industries, such as office managers, accountants, receptionists and janitors.

Industry employment projections start with the known job counts in the base year of 2010 for each industry, then a forecasted yearly numeric change (growth or decline) is added over the projection period to 2020.

In the Salt Lake City MSA, nonagricultural wage and salary employment is projected to grow by 139,000 jobs by 2020. As has been the case for several decades, service-providing industries will account for most of this growth in the next ten years. The goods-producing industries of mining, construction and manufacturing are expected to increase by 21,300 jobs

Figure 1: Projected Percent Change in Employment by Major Occupational Group, 2010 to 2020

Major Occupational Group	Percent
Computer & Mathematical	32.7
Personal Care & Service	32.6
Healthcare Support	30.3
Business & Financial Operations	29.6
Community & Social Service	27.8
Construction & Extraction	27.1
Healthcare Practitioners & Technical	27.0
Life, Physical, & Social Science	26.5
Education, Training, & Library	24.2
Architecture & Engineering	23.7
Arts, Design, Entertainment, Sports, & Media	22.2
Food Preparation & Serving Related	21.9
Building & Grounds Cleaning & Maintenance	21.9
Transportation & Material Moving	21.7
Production	21.1
Installation, Maintenance, & Repair	20.7
Protective Service	20.6
Legal	19.9
Office & Administrative Support	19.2
Sales & Related	16.7
Management	16.6
Farming, Fishing, & Forestry	4.6

Figure 2: Projected Numeric Change in Employment by Major Occupational Group, 2010 to 2020

Major Occupational Group	Numeric Change
Office & Administrative Support	25,920
Sales & Related	15,230
Business & Financial Operations	10,880
Construction & Extraction	10,430
Food Preparation & Serving Related	9,550
Transportation & Material Moving	9,400
Healthcare Practitioners & Technical	9,260
Education, Training, & Library	8,980
Personal Care & Service	8,430
Production	7,560
Computer & Mathematical	7,260
Management	7,000
Building & Grounds Cleaning & Maintenance	5,660
Installation, Maintenance, & Repair	5,260
Healthcare Support	4,240
Arts, Design, Entertainment, Sports, & Media	3,470
Architecture & Engineering	3,180
Protective Service	2,790
Community & Social Service	2,430
Life, Physical, & Social Science	1,750
Legal	1,080
Farming, Fishing, & Forestry	80

Figure 3: 15 Occupations with Largest Percent Increases in Jobs Projected 2010 to 2020

Occupation	Percent
Biomedical Engineers	89.6
Personal Care Aides	64.8
Metal-Refining Furnace Operators & Tenders	64.0
Helpers—Brick-, Block-, Stonemasons, & Tile & Marble Setters	57.0
Veterinary Technologists & Technicians	56.5
Helpers—Carpenters	56.1
Market Research Analysts & Marketing Specialists	53.5
Physical Therapist Aides	51.0
Meeting, Convention, & Event Planners	49.0
Radio, Cellular, & Tower Equipment Installers & Repairs	48.6
Athletes & Sports Competitors	47.7
Woodworking Machine Setters, Operators, & Tenders, Except Sawing	47.6
Marriage & Family Therapists	47.4
Foundry Mold & Coremakers	47.3
Software Developers, Systems Software	46.7

by 2020. The new goods-producing jobs are in construction increasing by 9,800, manufacturing adding 11,100 and mining jobs increasing by 360. In the service-providing industrial sectors, the healthcare and social assistance industry is expected to grow the fastest, 2.6 percent per year, adding 19,850 jobs by 2020. Administrative support/waste management services are projected to generate the second greatest number of jobs, increasing by 13,500. Education (both private and public) employment is third, increasing by 12,950 jobs.

Occupational Employment Growth

The occupational projection results provide four measures that are used to reflect the future demand or relative job opportunities afforded by specific occupations. These are the numeric change and the percent change in employment from 2010 to 2020, and the average annual openings due to either the growth in employment or replacement of workers who have left an occupation.

Numeric change and percent change from 2010 to 2020, are important for different reasons, but when viewed together provide

a more complete view of the projected changes for occupations.

Percent change is useful to compare the change between different occupations. For example, Figure 1 divides all occupations in the Salt Lake City MSA among 22 occupational groups sorted by their percent change from 2010 to 2020 to show which is the fastest-growing regardless of the occupation's base year size. The three fastest-growing occupational groups will increase by 30 percent or more—computer and mathematical, personal care and service, and healthcare support.

Notice how the rankings of the occupational groups change when they are ordered by numeric change instead of percent change (Figure 2). With 25,920 new jobs, office and administrative support has by far the largest numeric increase from 2010 to 2020. In Figure 1, office and administrative support was 17th of the 22 occupational groups with a 20.6 percent growth rate, yet it will provide the most number of new jobs. Office and administrative support occupations have the largest number of jobs in the base year of

Figure 4: 15 Occupations with the Most New Jobs Projected 2010 to 2020

Occupation	Projected Employment Estimates
Customer Service Representatives	7,010
Retail Salespersons	3,960
Childcare Workers	3,470
Financial Clerks	3,230
Office Clerks, General	3,060
Registered Nurses	2,960
Combined Food Preparation and Serving Workers, Including Fast Food	2,830
Heavy and Tractor-Trailer Truck Drivers	2,680
Waiters and Waitresses	2,380
Cashiers	2,130
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,110
Construction Laborers	2,080
Laborers and Freight, Stock, and Material Movers	2,070
First-Line Supervisors of Office and Administrative Support Workers	1,970
Accountants and Auditors	1,950

2010 and in the 2020 projection, adding the most new jobs even with a relatively modest growth rate.

Turning to individual occupations, Figure 3 shows the 15 fastest-growing occupations in the MSA. Each of these occupations will increase by at least 46 percent over the 10-year projection window. Several of these fast-growing occupations are related to healthcare or construction. All of these fast-growing occupations are, however, relatively small in size. The largest of these 15 occupations is listed last, software developers/systems software, with a 2010 base-year employment of 2,450 and projected 2020 employment of 3,590, or a ten-year increase of 1,140 jobs.

Figure 4 lists the 15 occupations with the largest number of new jobs over the projection period. These are relatively large occupations, so their percent growth rates are generally less than the smaller fastest-growing occupations. Nonetheless, these occupations provide more new job opportunities from growth over the projection period, 2010 to 2020. Some of these occupations are common among



Salt Lake Metropolitan Occupational... Continued

large industries like retail trade, food services, healthcare or construction. A large occupation like accountants and auditors is found in all industries with many new opportunities as the overall economy expands.

Job Openings — Replacement and Growth

The most widely used projection results for career exploration are the total number of expected job openings by occupation. This is a measure of future demand. In addition to job openings from new jobs, generally even more openings come from the need to replace workers who have vacated existing

jobs. Workers usually exit an occupation to retire or otherwise leave the labor force, or to move to another occupation. Over the 10-year projection horizon there are a total of 160,000 new jobs expected due just to new growth, and an additional 162,600 for replacement within existing jobs in the Salt Lake City Metropolitan area.

The 15 top occupations in the Salt Lake MSA with the most job openings in the coming decade are shown in Figure 5. Most of the top 15 occupations are found among retail trade, food services, office management and support workers, healthcare, and education industries.

Career Preparation, Education and Wages

The Salt Lake City area occupational projections provide profiles for 500 distinct occupations. In general, occupations with higher education and training requirements tend to provide higher wages.

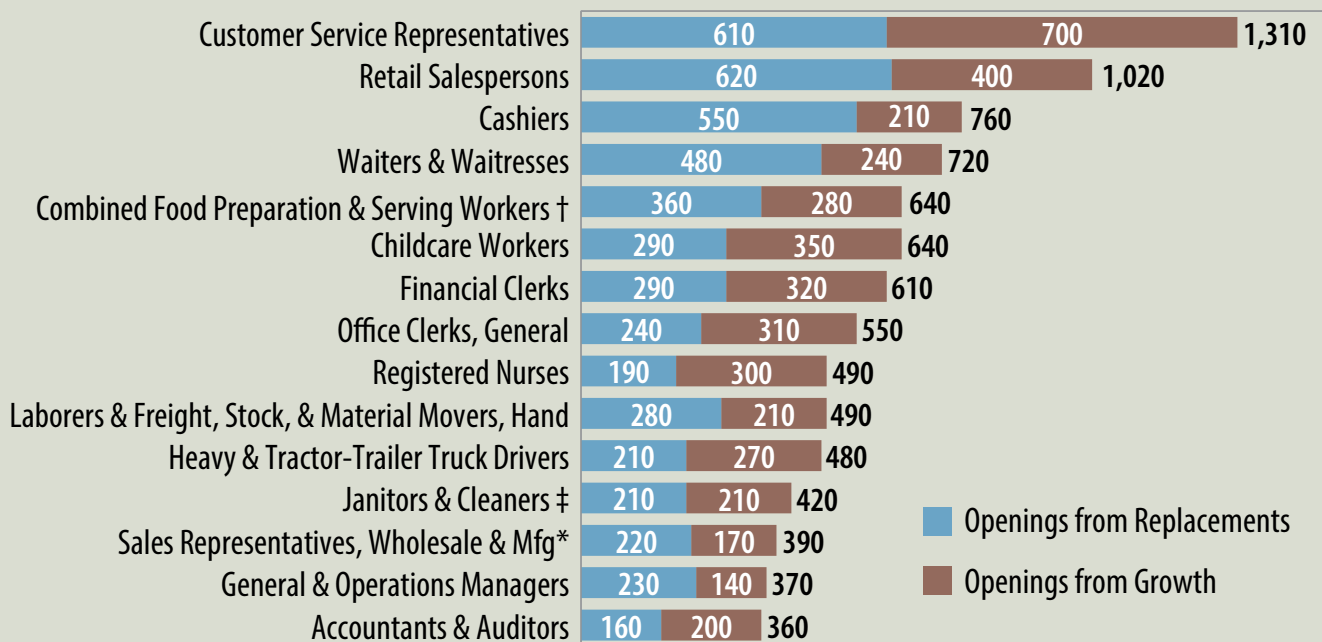
Some occupations have a single distinct path for entry while others have several possible paths. The U.S. Bureau of Labor Statistics (BLS) categorizes career pathways

using three dimensions: (1) education, (2) work experience in a related occupation and (3) typical on-the-job training. Although some occupations have more than one identifiable path, only one path—the one most prominent—is assigned as the typical path. The education and training pathway shows a job seeker or student how they can prepare to enter a given occupation and become proficient.

When evaluating the desirability of an occupation, wages are usually a top consideration. The DWS occupational projections include wage statistics for comparative purposes. The online projections tables also provide a star rating system, indicating the occupational wages. The rating system has one to five stars, with a five star rating signifying occupations with a combination of high wages and a high number of openings.

For more information on the Salt Lake City Statistical Metropolitan Area (MSA) occupational projections 2010 to 2020 visit: <http://jobs.utah.gov/wi/pubs/outlooks/index.html>

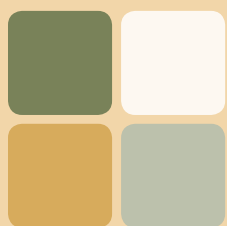
Figure 5: 15 Occupations with the Most Annual Job Openings: Projected 2010 to 2020



† Including Fast Food

‡ Except Maids & Housekeeping Cleaners

*Except Technical & Scientific Products



Current State of the Economy in Wasatch Front South

BY JIM ROBSON, ECONOMIST

The Wasatch Front South Service Area economic performance is above average as we enter the second half of 2013 with year-over employment growth ranged between 3.0 and 3.4 percent. The region's unemployment rate is around 4.3 percent as the fall comes to a close. From June 2012 to June 2013, there is job growth across all service-producing industrial groups with the exception of federal government employment, which continues to shed jobs. The goods-producing industries—mining, construction and manufacturing—are losing jobs. Overall, labor market conditions are stable through the end of 2013.

Salt Lake County

Year-over job increases continue across the majority of industrial sectors with overall nonfarm payroll employment increasing by 3.1 percent from June 2012 to June 2013. The 19,056 net new jobs from the past year adds to the 3-plus years of recovery since the employment trough of the recent recession in Salt Lake County. Average employment in 2012 was 603,460, surpassing the previous record of 602,859 in 2008. There were 624,302 nonfarm payroll jobs reported by employers in June 2013.

The most new jobs are being created in professional/scientific/technical services, administrative support services, leisure/hospitality, financial activities, and healthcare (see Figure 6). The new jobs in these high-growth areas are spread broadly within these industries; however there are a few notable sub-industries

worth mentioning. Within professional/scientific/technical services a substantial number of the job opportunities are in architectural, engineering, and computer systems design. within the administrative support services, temporary-help agencies and business support services provide the most new jobs. Fast food and full-service restaurants accounted for the vast majority of new employment within the hospitality area. In the finance industry, banks, credit unions and related activities are responsible for almost 1,900 of the increase in employment June to June 2013.

Of 17 major industrial groups listed in Figure 6, five shed jobs from June 2012 to June 2013. Construction employment was reduced by 320 jobs. While residential construction activities added employment, commercial construction, Highway, street, and other heavy construction reduced employment enough to account for the overall net loss in construction jobs. Mining employment is down by about 250 jobs, with much of the decline related to the major landslide last April at the Bingham Canyon Kennecott Copper Mine. Federal Government employment declined by 113 jobs, Utilities shed 59 jobs and Manufacturing employment over the year was essentially unchanged with a minor reduction of 18.

Unemployment

The seasonally adjusted unemployment rate in Salt Lake County has lessened from where it began the year at about 5.0 percent to 4.1 percent in October. Since January 2013, the number of Salt Lake



Current State of the Economy Continued

County residents that are unemployed has declined from about 28,100 to 23,700. Initial claims for unemployment benefits are at their lowest level in four years, although they took a temporary uptick in October because of the partial shutdown of the federal government.

The stabilization, improvement and expansion in the Salt Lake County labor market since mid-year 2010 have been reflected in the gross taxable sales figures.

For 13 consecutive quarters, starting in the second quarter of 2010 and going through the second quarter of 2013, Salt Lake County year-over change in sales tax collections have been positive. The second quarter 2013 year-over taxable sales were up a modest 2.0 percent, the lowest growth rate since fourth quarter 2010. This reflects a cooling trend in economic activity as we move to the end of 2013.

Construction Activity

Salt Lake County construction activity hit bottom in 2010 and construction employment levels did not increase during 2011. Yet, 2011 housing unit permits and valuations were up 9.7 percent and 20.7 percent, respectively. Non-residential permitted valuations were up by 103 percent and total construction valuations

were up by 49.9 percent. In 2012, overall construction activity, as measured by total permitted value of construction, was up by 1.4 percent. In the first four months of 2013, indicators of construction activity compared to the same period last year were significantly positive. From January to April 2013, there were 913 permitted dwelling units, 35.3 percent above 2012. The valuation of these permits was \$202 million, or 38.3 percent above last year. Other positive housing signs include increasing home prices and substantially reduced foreclosure activity. Non-residential permit value is running 20.1 percent above 2012 so far, at \$158 million.

Tooele County

Tooele County's own job recession continues as year-over job losses increased

Figure 6: Payroll Job Growth — Count and Percent Change from June 2012 to June 2013 for Wasatch Front South Counties by Industry

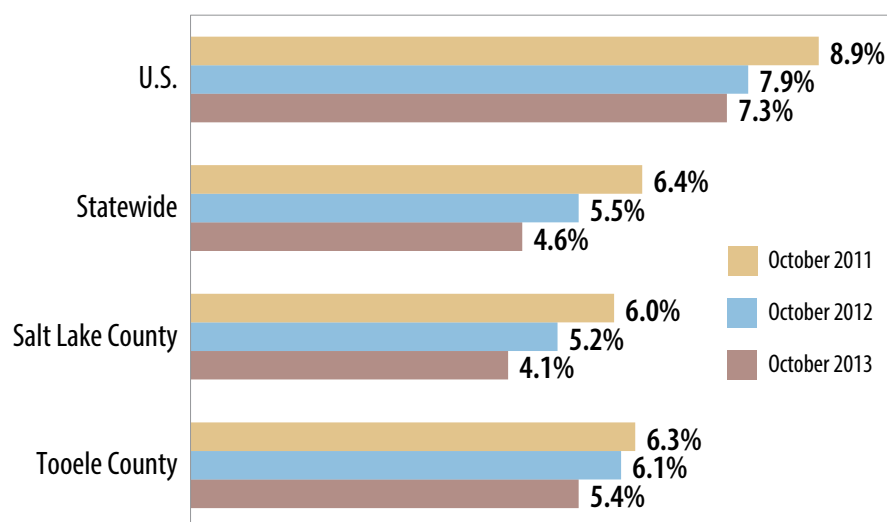
	Salt Lake County		Tooele County	
	Count	Percent	Count	Percent
Prof/Sci/Tech/HQ*	3,155		-100	-13.9%
Admin Support/Waste**	2,700		-66	-3.8%
Leisure/Hospitality	2,457		118	7.7%
Financial Activities	2,410		-18	-5.6%
Healthcare/Social Services	2,381		23	1.8%
State Government	2,304		1	0.5%
Trade	2,055		51	2.8%
Private Education	879		4	3.2%
Other Private Services	756		17	4.4%
Information	332		-53	-23.8%
Transportation/Warehousing	319		38	4.1%
Local Government	62		-282	-10.5%
Manufacturing	-18		-44	-2.5%
Utilities	-59	-3.8%	-3	-11.1%
Federal Government	-113	-1.1%	-203	-12.2%
Mining	-248	-6.6%	9	11.7%
Construction	-320	-1.0%	-36	-4.5%
Total	19,056	3.1%	-546	-3.4%

*Prof/Sci/Tech/HQ -- Professional/Scientific/Technical Services and Management of Companies.

**Admin Support/Waste -- Administration and Support/Waste/Remediation Services.

d = Not shown to avoid disclosure of individual firm data.

Figure 7: Unemployment Rate Comparison with Wasatch Front Counties: October 2011, October 2012, and October 2013



for the 12 months ending in June 2013 compared with what was observed last March. Payroll employment within the county peaked in mid-2011 and has been trending down since then. The four largest job reductions occurred in local government, including decreases in public education declining by 282, the federal government shed 203 jobs, professional/scientific/technical services decreased by 100 jobs, and administrative support/waste management lost 66 jobs. Many of these losses stem from the direct and indirect effects of the ongoing closure of the Deseret Chemical Depot.

The three industries showing year-over employment increases include leisure/hospitality, trade and healthcare. Overall, nonfarm payroll employment totaled 15,660 in June 2013, with 546 fewer jobs than in June 2012, a reduction of 3.4 percent.

As part of the greater Salt Lake City Metropolitan Area, Tooele County residents have access to the Salt Lake County job market. Its current relative strength provides support to Tooele County residents. Still, the unemployment rate is likely to increase somewhat in the coming months. In the summer of 2012 the unemployment rate was around 6.3 percent, improving over the next year to about 5.2 percent in June 2013. It has been increasing again as a result of county-level job losses to reach 5.4 percent in October 2013.

Since May of 2013, initial unemployment insurance claims have trended above the levels observed during the summer and fall of 2012 and 2011. Gross taxable sales declined by 7.0 percent in the second quarter 2013 compared to second quarter 2012. This is the third consecutive quarter with year-over reductions for gross taxable sales in Tooele County.

Outlook

Overall for the Wasatch Front South (Salt Lake and Tooele Counties), continued job growth and a gradually improving labor market will characterize economic conditions during 2013, with job growth of about 3.0 percent. Total 2013 payroll employment should average about 638,450 jobs in this region. Enough employment growth was generated in 2012 to bring the estimated average regional nonfarm payroll job total to 619,719, which is above the previous high of 618,385 achieved on average in 2008.

The improving labor market should continue to gradually bring down the unemployment rate in 2013. Due to the considerable slack created in the labor market during the recession and subsequent slow recovery, the unemployment rate will likely continue to range between 4.0 and 4.4 percent through the end of 2013.

The seasonally adjusted unemployment rate in Salt Lake County has lessened from where it began the year at about 5.0 percent to 4.1 percent in October.



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The Making of Occupational Projections

BY MELAUNI JENSEN, LMI ANALYST

Every state is required to produce projections by the Bureau of Labor Statistics (BLS), the source of national long-term industry and occupational projections. Every two years, the Department of Workforce Services (DWS) Economists offer long-term industry and occupational projections. The occupational projections discussed in this issue of Local Insights reveal trends for growth or decline of workers by occupational groups and specific occupations. The ten-year period provides guidance for the public to make more informed decisions about their long-term goals. The projections contain valuable information about the likely future number of job openings and wages.

As you may know, industries represent businesses providing or producing the same products or services, while occupations describe work that requires certain tasks, duties or responsibilities. Occupations are coded using the Standard Occupational Coding (SOC) system that contains standardized and occupation-specific descriptors, requirements and worker attributes. This system is used for the entire nation and helps to better identify the occupation a worker may be looking to obtain. These are also grouped with similar occupations with comparable duties, called occupational groups. Approximately 5,000 employers receive the annual Occupational Employment Statistics (OES) survey from DWS in Utah, making it the largest and best wage and occupational survey in the state. This survey provides data on occupational staffing patterns that are established and applied or distributed for most industries, giving the economists the data they need to develop employment estimates for roughly 700

identified occupations and are prepared at a statewide level and for eight sub-state areas.

The first step in developing occupational projections is to generate industry projections using the Long-Term Industry Projections System (LTIP) provided by BLS. DWS Economists produce employment estimates for about 95 different industries in the state. After producing industry projections, economists then create the occupational projections by analyzing the results from the OES survey. In addition to the employment estimates from the OES survey, the MicroMatrix software system used by all states generates estimates of the number of annual average job openings expected to occur during the projections period. Growth occurs when positions are created, while replacement happens when workers leave an occupation therefore needing to be replaced. The education, work experience or job training generally required for the occupations are also included in the occupational projections to provide even more information. These are provided by BLS and contain information about the typical education and training requirements for an occupation.

DWS Economists have used time-tested economic theory along with economic tools to provide occupational projections and do not promise 100 percent accuracy. They are made with the understanding that major events can happen with policies, demographic trends or even natural disasters to tip the trends of the economy. By using these resources to “tell the future”, it provides more consistent and valid projections.